

**DIVISION OF WATER AND AUDITS**

**Advice Letter Cover Sheet**

**Utility Name:** Del Oro Water Co. **Date Filed:** 7/30/2021  
**[District Name]:** [River Island - T 1]  
**CPUC Utility #:** WTB 61 **Protest Deadline (20<sup>th</sup> Day):** 8/19/2021  
**Advice Letter #:** 525-A **Review Deadline (30<sup>th</sup> Day):** 8/29/2021  
**Tier:** 3

**Req. Effective Date:** Earliest possible date

**Authorization for Filing:**

**Compliance Filing:**

**Description:** Supplemental For Authority to increase borrowing to approximately \$9,081,826 from The Safe Drinking Water State Revolving Fund Program.

**Utility Contact:** Janice Hanna

**Phone:** [REDACTED]

**Email:** [REDACTED]

**Alternate:** Bob Fortino

**Phone:** [REDACTED]

**Email:** [REDACTED]

**DWA USE ONLY**

<u>Date</u>	<u>Staff</u>	<u>Comments</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

ACCEPTED  WITHDRAWN  REJECTED

Signature: \_\_\_\_\_

Comments: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_



July 30, 2021

Advice Letter No. 525-A

TO THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Del Oro Water Company, Inc. (The Utility), hereby transmits for filing on behalf of its River Island District (DOWCRI), Supplemental Advice Letter No. 525-A, for authority to increase borrowing by \$3,892,650 to approximately \$9,081,826 from the Safe Drinking Water State Revolving Fund Program (and to Issue Evidence of Indebtedness in Connection Herewith). This request is due to increased project costs for the proposed Treatment Plant & Conveyance System designed to serve its River Island Territory One customers. This amount has increased from the previously authorized amount of \$5,189,176 obtained through Resolution W-5168, adopted on June 21, 2018.

1. PURPOSE

- 1.1 DOWC seeks authorization to increase borrowing up to \$9,081,826 from the Safe Drinking Water State Revolving Fund Program.
- 1.2 DOWC seeks the authority to use funds for engineering, construction, and completion of a treatment plant and conveyance system designed to serve its River Island Territory One customers.
- 1.3 This Advice Letter seeks relief pursuant to Sections 816 through 851 of the California Public Utilities Code, and is filed in Compliance with Rule 33 of the Commission's Rules of Practice and Procedure.
- 1.4 DOWC also requests authorization to encumber utility assets in connection with the loan.
- 1.5 This filing will not cause withdrawal of service nor conflict with any other schedule or rule.



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## 2. BACKGROUND

- 2.1 DOWC filed Advice Letter No. 493, to secure authorization to borrow \$5,189,176 under the DWSRF program to finance the engineering and construction of a treatment plant and conveyance system designed to serve the River Island Territory One customers, and to institute a surcharge on existing water rates to repay the loan principal and interest.
- 2.2 DOWC filed Advice Letter 525 requesting authorization to increase the project amount to \$8,428,280. DOWC found this bid totally unacceptable and initiated a re-bidding process in November 2020, including additional contractors to ensure costs are as low as possible.

## 3. DISCUSSION

- 3.1 There were (3) additional bidding attempts due to irregularities associated with the apparent low bidder package. Finally, on July 28, 2021, a Notice of Award Letter [**Exhibit A**] has been sent out to Clark Brother Inc. The Bid Review and Final Budget was \$9,081,826. [**Exhibit B**] The project is estimated to begin the end of September 2021 per the bidding package which is 60 days after the bids were opened on July 13, 2021. Failure to meet this deadline allows the contractor to change his bid.
- 3.2 As is customary with SRF-funded projects, DOWC, with this supplemental advice letter, must establish a monthly SRF Surcharge Rate which will not be effective until approximately six months after construction commences. The SWRCB previously required that the loan be paid over a 20-year period; however, DOWC was able to negotiate with SWRCB for a payment period of 30 years at 1.8% interest to help keep the surcharge lower. [**Exhibit C**]



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#### 4. FINANCIAL INFORMATION

- 4.1 Financial Statements. The District's Annual Report to the Commission as of December 31, 2020 is attached as **[Exhibit D]**.
- 4.2 Utility Plant. The undepreciated value of DOWC's Utility plant, including construction work in progress as of December 31, 2020 was \$3,831,336. As of that date, DOWC's reserve for depreciation and reserve for amortization was \$1,207,905. Advances for construction was \$611,615, resulting in a net Utility Plant of \$2,011,816.
- 4.3 DOWC's capital ratios, as of December 31, 2020, as recorded and as adjusted, to give pro forma effect to the proposed issuance of \$9,081,826 debt are presented in **[Exhibit E]**.

#### 5. COMPLIANCE

- 5.1 In addition to concurrence by Department of Public Health, DOWC has informed consumers by establishing the River Island Treatment Plant Project on its website, [www.delorowater.com](http://www.delorowater.com) Notice of the project and proposed rate surcharges will be posted and mailed to consumers July 30, 2021. **[Exhibit F]**.
- 5.2 Issue. DOWC has justified the need for the relief requested in this Advice Letter under Public Utilities Code 816 through 851.
- 5.3 Backup Date. The general nature of the data to be introduced includes this Advice Letter and its attachments. If appropriate, additional data will be introduced in response to data requests.



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## 6. EXHIBITS

Exhibit A - Notice of Award

Exhibit B - Bid Review and Final Budget

Exhibit C - Rate Proposal

Exhibit D - District's 2020 Annual Report

Exhibit E - Capital Ratios & Pro Forma

Exhibit F - Notice to Customers, July 30, 2021

## 7. PRAYER

DOWC respectfully requests that this Commission make appropriate findings and issue an Order as follows:

- 7.1 Authorizing Applicant Del Oro Water Co., Inc., on behalf of its River Island District on or after the effective date of the Order to increase borrowing up to \$9,081,826 from The Safe Drinking Water State Revolving Fund Loan Program.
- 7.2 Authorizing DOWC to use the proceeds from such financing in accordance with the Provisions of Public Utilities Codes 816 through 851 to complete capital improvements within the DISTRICT and to reimburse its treasury for capital expenditures.
- 7.3 Authorizing DOWC to execute and deliver any and all related documents required for the completion of the proposed financing.
- 7.4 Directing DOWC to submit to the Commission the final form of the loan documents for the SRF financing upon their respective execution.
- 7.5 Granting such further or different relief as the Commission may deem to be appropriate under the circumstances.





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By this filing, the Utility is requesting permission to impose a monthly SRF Surcharge Rate that will start approximately six months after construction commences. The SRF Surcharge shall be collected based on meter size over approximately three hundred sixty (360) monthly billing cycles or until the loan has been paid in full.

### **REQUESTED EFFECTIVE DATE**

DOWC is submitting the attached as a Tier 3 filing and requests that it become effective at the earliest possible date.

### **NOTICE AND SERVICE**

By way of mail and electronic submission, all customers and interested parties will be notified of the request for establishment of the proposed surcharge on July 30, 2021.

### **FILE A PROTEST:**

A protest is a document stating that you object to the utility receiving all or some part of its request. If you wish to file a protest, you must state the facts constituting the grounds for the protest, how the advice letter affects you, and the reasons why you believe the whole advice letter, or part of it, is not justified. If the protest requests an evidentiary hearing (an evidentiary hearing is a legal proceeding held before an administrative law judge at the Commission to obtain evidence), your protest must state the facts you would present at the evidentiary hearing to support your request for a complete or a partial denial of the advice letter. The filing of a protest does not ensure that an evidentiary hearing will be held. The decision whether or not to hold an evidentiary hearing will be based on the contents of the protest.



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**FILE A RESPONSE:**

A response is a document that does not object to the request sought in the application, but nevertheless, presents information you believe would be useful to the Commission in acting on the application.

Whether you wish to file a PROTEST or send a RESPONSE you must:

- Send a copy of your document to the utility.
- Mail both one copy to the utility and one copy to CPUC within twenty (20) days of the date you received this notice.

The utility must respond to your protest or response within five (5) days. All protests or responses to this filing should be sent to:

California Public Utilities Commission     *and*  
Water Division  
505 Van Ness Avenue  
San Francisco, California 94102  
E-Mail: [water.division@cpuc.ca.gov](mailto:water.division@cpuc.ca.gov)

Janice Hanna  
Director of Corporate Accounting  
Del Oro Water Company, Inc.  
Drawer 5172  
Chico, California 95928  
Telephone 530-809-3960  
Facsimile 530-894-5405  
E-Mail: [jeh@corporatecenter.us](mailto:jeh@corporatecenter.us)

If you have not received a reply to your protest within ten (10) business days, contact Del Oro Water Company at 1-530-717-2514. A notice of the surcharge request for DOWC will be mailed to the consumers upon concurrence with the CPUC.

This filing will not cause withdrawal of service nor conflict with any other schedule or rule.



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A copy of Del Oro Water Company's filing may be inspected in its business office: 426 Broadway, Suite 301, Chico, California 95928, or by visiting its website at [www.delorowater.com](http://www.delorowater.com). Further information may be obtained from the utility at its business office or from the Commission at the above address.

Del Oro Water Company, Inc.

JANICE HANNA  
Director Corporate Accounting & Regulatory Affairs

Attachments





## VERIFICATION

The undersigned, Janice Hanna, hereby declares:

That she is an officer, to wit, Director of Corporate Accounting, of DEL ORO WATER COMPANY, a California corporation, the Applicant herein, and as such officer is authorized to make this verification for and on behalf of said Applicant; that she has read the foregoing Advice Letter, including all exhibits thereto, and knows the contents thereof, that the same is true of her own knowledge, except as to matters therein stated on information or belief, and as to those matters she believes it to be true.

I declare under penalty of perjury that the forgoing is true and correct.

Executed at Chico, California on July 30, 2021.

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JANICE HANNA



CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of “In the Matter of the Advice Letter of DEL ORO WATER COMPANY, INC. (U-61-W) for authority to borrow \$ 9,081,826 (and to Issue Evidence of Indebtedness in Connection Herewith) in Order to Make Certain Capital Improvements and for Authority to Recover all Such Costs and Advances by Increases in the Respective Water Rates of Customers in its River Island District in the vicinity of Springville, Tulare County, California” by mailing a properly addressed copy of first-class mail with postage prepaid to each party named in the official service list.

Executed on July 30, 2021 at Chico, California.

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JANICE HANNA